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Convener
Local Government and Communities Committee
The Scottish Parliament
EDINBURGH
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Dear Bob

At the Local Government and Communities Committee on 10 May, I agreed to provide the Committee with further information on (a) whether Scottish Government resources could be used to buy back housing for the public sector and (b) any discussions which the SG might be having with local authorities on the delivery of rehabilitated homes across the country.

Information was also requested on mid-market rent and low cost home ownership in North and East Ayrshire.

'Off the shelf' purchases

It is anticipated that the majority of the Affordable Housing Supply Programme (AHSP) will comprise of additional new build homes however current SG guidance states that where it can be demonstrated that the use of grant to acquire housing for rent 'off the shelf' is the most appropriate method of meeting the housing needs identified within a particular area – and where this is consistent with the priorities identified in the local authority's Strategic Housing Investment Plan (SHIP) – grant subsidy can be made available to facilitate such purchases.

Of the 33,490 homes which were delivered over the last Parliamentary term, 408 'off the shelf' purchases for rent by RSLs and councils were recorded in the official statistics – accounting for 1.2% of the overall affordable housing supply programme. In addition, a further 1,343 properties were noted as having been rehabilitated over the five years to March 2016. It should also be noted that a further 1,110 'off the shelf' purchases for rent were acquired through the Mortgage to Rent element of the Home Owners' Support Fund.

We are also aware that ex local authority properties have been purchased with the support of AHSP grant funding, and also through the Home Owners' Support Fund. We are unable to provide exact numbers however as we do not record that level of information.

More generally, we are aware that a small number of local authorities have strategies in place to buy properties without the aid of SG grant funding. While these units are not counted against our 50,000 target, they can make an important contribution to the delivery of affordable housing locally. We will look to strengthen forthcoming SHIP guidance to make absolutely clear our expectation that such projects funded or supported by sources other than SG funding are clearly recorded.

Scale of rehabilitation

During the Committee session comment was requested on an apparent 'disparity' on the provision of rehabilitated homes delivered through the AHSP and what discussions SG might be having with local authorities on the delivery of rehabilitated homes across the country.

It is for local authorities to identify the strategy for meeting affordable housing need as part of its Local Housing Strategy. For some local authorities, the redevelopment of poorer quality or underused housing stock can prove to be effective in not only meeting housing need but in delivering additional benefits such as regeneration. However for other areas or local authorities demolition and replacement may be the preferred approach, due to the quality, cost and/or broader plans for the area. Where local authorities consider that the rehabilitation of existing stock has a role to play locally we would expect them to identify specific projects in the SHIP and to discuss these projects with the relevant SG area team.

Midmarket and low-cost home ownership in North and East Ayrshire

The local housing strategy (LHS) guidance makes clear the expectation that in developing its strategy, local authorities should consider:

- The extent and type of housing need and demand and the role that specific tenures are likely to play, both now and over the longer term.
- The local authority's strategic vision for the future of housing across all tenures taking into account national priorities.
- Clear strategic direction for housing investment, and confirmation that development plans support the strategic aims set out in the LHS.

The committee may wish to note that the North Ayrshire LHS is in the process of being finalised following a period of consultation in March/April this year. The Consultation Draft 2017–2022 identifies that due to the close alignment of market and social rents locally that the council view is that mid-market models are not viable locally.

The SG Area Team has advised that in East Ayrshire that similar housing market dynamics exist and that the Council considers that this type of affordable housing solution has limited demand locally. I understand however that East Ayrshire are in the process of updating its

Housing Need and Demand Assessment and will be developing a revised Local Housing Strategy thereafter.

I hope that this information is helpful.

Kind regards

KEVIN STEWART